

DOCUMENT RESUME

ED 184 231

EA 012 545

AUTHOR Abramowitz, Susan  
TITLE The Hidden Costs of Decline.  
PUB DATE 80  
NOTE 16p.; For a related document, see EA 012 547.

EDRS PRICE MF01/PC01 Plus Postage.  
DESCRIPTORS \*Budgeting: \*Declining Enrollment: Educational Quality: Elementary Secondary Education: Program Descriptions: \*School Closing

ABSTRACT

Enrollment decline raises questions about decision-making in school systems and about the kinds of solutions to problems that arise. According to this paper, one of two related documents, policymakers, educators, and community members need to be aware of the hidden costs and concerns resulting from different solutions. It addresses questions of costs in terms of sacrificing school size, equity, and quality. The paper concludes that options exist, but each option has different costs and benefits associated with it. Every community has to decide what kind of education it wants to buy and how much it is willing to pay for it. (Author/LD)

\*\*\*\*\*  
\* Reproductions supplied by EDRs are the best that can be made. \*  
\* from the original document. \*  
\*\*\*\*\*

S. Abramowitz

TO THE EDUCATIONAL RESOURCES  
INFORMATION CENTER (ERIC)."

## THE HIDDEN COSTS OF DECLINE

Susan Abramowitz

THIS DOCUMENT HAS BEEN REPRO-  
DUCED EXACTLY AS RECEIVED FROM  
THE PERSON OR ORGANIZATION ORIGIN-  
ATING IT. POINTS OF VIEW OR OPINIONS  
STATED DO NOT NECESSARILY REPRE-  
SENT OFFICIAL NATIONAL INSTITUTE OF  
EDUCATION POSITION OR POLICY

From 1969 to 1979, elementary schools lost approximately 4.4 million  
<sup>1</sup> students. As of 1976 this loss of elementary students began spreading  
into high schools, and will result in a loss of more than 3.5 million  
<sup>2</sup> students by 1990. The national figures provide an aggregate picture but  
<sup>3</sup> obscure tremendous variability. While thirty-eight states have experienced  
declining enrollments, only 8 lost more than 1 percent of their student  
population <sup>4</sup> a year from 1970-1975 while 21 lost less than .8 percent over  
the same time period. Furthermore the student population in 12 states  
has been growing. While most of these states have experienced modest  
enrollment growth, enrollment in Alaska, Arizona, Florida, Nevada, and  
New Hampshire has risen more than 1 percent a year from 1970-1975.

Just as enrollment decline is not uniform across the states, it is also  
not uniform within states. Urban areas and their first ring suburbs are  
among the hardest hit. Nineteen seventy-one was the peak year for  
enrollments in the country's major urban areas. At that time urban  
elementary and secondary enrollments were as high as 5.4 million students.  
By the 1975-1976 school year, however, enrollments had dropped to their  
1962-1973 level of 4.9 million. Of the largest cities, only four were  
growing as of 1975; Miami, Houston, Memphis, and San Diego.

<sup>1</sup> Martin M. Frankel and Wm. C. Sonnenburg, "Enrollment," Projections of Education Statistics to 1986-87, National Center of Education Statistics, (Washington, D.C.: U.S. Government Printing Office, 1978), p. 14.

<sup>2</sup> Ibid.

<sup>3</sup> Jack Leppert and Dorothy Routh, "An Analysis of State School Finance Systems as Related to Declining Enrollments," in Declining Enrollments: The Challenge of the Coming Decade, (Washington, D.C.: U.S. Government Printing Office, 1978).

<sup>4</sup> Milton Bins and Alvin H. Townsel, "Changing/Declining Enrollments in Large City School Systems," in Declining Enrollments: The Challenge of the Coming Decade, (Washington, D.C.: U.S. Government Printing Office, 1978).

Like public school enrollments, private school enrollments are also on the  
downswing.<sup>5</sup> Here, too, the aggregate figures hide some variation. The overall totals for private school enrollment are down because of declining Catholic school enrollments which comprise almost three-fourths of the private sector. Non-Catholic private school enrollments, however, have been increasing since 1967.

The demographic picture is bleak and raises fundamental policy questions for education decisionmakers who have to grapple with the dilemma of decline. Decline raises questions about the process of school system decisionmaking and kinds of solutions which are proposed to address the problems decline poses. According to one account, there is some commonality in how communities respond to decline.

The board usually names an advisory committee of prominent and responsible citizens to assist delegates from the central school administration in planning for declining enrollment. While such committees generally are given guidelines from the school board or central administration, the official charge to such an advisory group is somewhat open-ended. Committees are usually asked to explore ways a school district should redraw attendance boundaries to ensure adequate enrollment in school buildings, freeing up the facilities most "under-utilized" for eventual closings. Another task often is determining which programs at the secondary and elementary levels could be eliminated without harming the overall quality of education. Similarly, committees might be asked to decide which indirect school services, such as libraries or health screenings, could be picked up by other public or private agencies.

The advisory committee then goes to work, forming sub-committees, arranging a common timetable and accumulating the information necessary to develop policy recommendations.

Although there have been cases where advisory committee members have shown great independence, going beyond the official charge they have been given and suggesting more penetrating changes in the school district than expected, most complete their work by submitting a set of recommendations that reflects the school board's priorities and approach.

After several months of working with little communication with the public or the press, the typical advisory committee presents its recommendations on declining enrollment to the school board for consideration. It proposes that the school system:

- o Close several elementary schools that have lost 25 to 30 percent of their enrollment.
- o Increase class size throughout the entire school district.
- o Eliminate advanced electives and enrichment courses in the secondary schools.
- o Move the ninth grade to the high school and the sixth grade to the junior high schools, to be termed middle schools.
- o Hire no new teachers or specialists.
- o Make preparations for letting all non-tenured teachers go and inform staff that some tenured teaching positions will be eliminated in the future.
- o Prepare a flexible transfer policy for teachers in the system.
- o Reduce the extra-curricular and athletic program budget.
- o Bring together the parents and community groups connected with schools to be closed with parents and community groups involved with schools absorbing new teachers.
- o Study the options open to the district for dealing with the real estate left vacant from consolidating schools.

The school board accepts the report, stressing that the committee appears to have done its best with a difficult problem in such strained and difficult times. The board indicates that the

remedies appear to be reasonable. But, before voting on them, it decides to hold a public meeting to inform the community of its plan and to solicit reactions from the people affected by the proposals. For the first time, details of the advisory committee recommendations are given to the press.

The first gusts of controversy blow through the public hearings.

The author goes on to describe how the community mobilizes to fight the board's or advisory group's recommendations. This is a familiar scenario repeated in community after community. Much of the difficulty with different kinds of solutions proposed is that they often entail hidden costs or concerns which seldom get aired. In considering how to deal with declining enrollments policymakers, educators, and community members need to be aware of these hidden costs and concerns. Perhaps a consideration of these concerns may forestall community discontent or enable communities to understand what the implications of certain choices are. These concerns have to do with costs, what we do and do not know about school size, equity, and quality.

#### Costs

The first bulwark policymakers erect to deal with decline is a reconsideration of the budget, with the aim of reducing it proportionately with decreases in student enrollment. Unbeknownst to them, however, may be the fact that expenditures may be increasing justifiably even though the student population is on the wane. No matter how hard school boards and administrators cut costs, certain situations may actually be driving up expenditures. Consideration of these factors may help decisionmakers deal realistically with budget problems.

First, by definition, per pupil expenditures increase as the number of students decrease. Inherent in the most common expenditure yardstick is an inflation factor. Even if expenditures remain constant, per pupil expenditures will rise.

Second, school districts spend almost 80 percent of their budgets on personnel. As the need for new teachers dwindles, faculties become older and more experienced. Most salary schedules reward education and years of teaching. Thus, schools are supporting an increasingly expensive cohort of teachers. Furthermore, tenure itself prohibits districts from making immediate staff cuts to account for enrollment decline. The large percentage of school district budgets allocated for personnel also means that savings from declining enrollments accrue slowly. Students do not disappear in classroom multiples. Decline is usually dispersed across a district. While a district may be losing students gradually, it cannot excess teachers until this loss is concentrated in the same school, same grade, and same classroom. It may take several years of declining enrollments before this can happen. According to one estimate, districts can begin saving in the short term only five years after enrollments begin dropping, with major long term savings available twenty years down the road.

Third, the systems of financing that many states use may be contributing to the upward spiral in costs. Nineteen out of thirty-seven states which have experienced enrollment decline, plus ten states which have not,

---

<sup>7</sup> Illinois Task Force on Declining Enrollments, Illinois Office of Education, 1976.

use one of several provisions either to discount or forestall the loss of  
<sup>8</sup> state aid to districts. These provisions provide districts with state funds over and above the actual number of students enrolled, thereby creating a buffer period to cushion the impact of decline. Consequently, districts can phase themselves into a period of declining state support rather than feel the loss of state money precipitously. The net result, however, is that anticipated losses of state per pupil support do not materialize as soon as expected.

Fourth, the demands on the education system are not abating. For example, in 1976 Congress passed the Education for All Handicapped Students Act mandating that schools provide an appropriate education to all students. Students formerly enrolled in state institutions supported entirely by state money are now the responsibility of local school districts. Handicapped students must be evaluated individually and a "prescription" outlined to advance the selected educational objectives. The provision of such services obviously costs money that districts previously had not spent.

<sup>9</sup> Federal and state rules and regulations also encumber the system. Many new statutes require districts to provide services but include no support for their implementation. Each new program carries its own administrative

---

8

Jack Leppert and Dorothy Routh, op. cit.

9

Paul Hill, "Do Federal Education Programs Interfere with One Another?," (Santa Monica, California: Rand Corporation, 1979).

burden. The existence of a great many of these programs probably results in a geometric increase in administrative costs, only some of which are supported by federal and state funds.

Cost considerations of course are paramount. However, decisionmakers need to be careful when calculating costs that they consider both the short and long term consequences of their various decisions. For example, districts can respond to declining enrollments by making any number of decisions along an expenditure continuum of continuing to spend liberally to drastically cutting expenses. The mixture of choices along this spectrum will have different short and long term affects. Districts need to develop the expertise or use the resources in the community to help them project the future cost consequences of different choices.

#### School Size

The most common way to cut costs in response to declining enrollments is to consider how many and which schools in a community need to be closed. It is generally assumed that closing schools will save money since buildings no longer require heating and custodial care and renovation expenses can be avoided, if the buildings are old.

When calculating the cost savings, however, many factors are not taken into consideration. Usually transportation costs increase as children are transported out of their neighborhood to attend more distant schools. In addition to greatly increased costs of transportation, larger schools often incur additional capital expenditures, higher salaries, and operating costs.

10

Jonathan Sher and Rachel Tompkin, "Economy, Efficiency, Equality," Education in Rural America, (Boulder: Westview Press, 1977).

There are also the costs of the empty buildings. Oftentimes buyers or renters cannot be found. In some localities state law prohibits the selling of school property until the debt service on the building can be retired. If the school is to be boarded up, costs of the vacant property to the community need to be calculated. One study conducted for NIE in Seattle indicated that the dislocation to the community was negligible when the schools were closed. But this result may have much to do with the fact that the schools were used for noneducational purposes—day care centers, adult education centers, and the like.<sup>11</sup>

Communities may want to consider the effects proposed school closings are likely to have on parent, student, faculty, and staff. While dollars and cents cannot be placed on such "intangibles" as commitment, morale, and extent of participation in and support of the school, these factors should be taken into consideration when schools are closed and students transferred elsewhere. A not unrelated concern is the case of community, parent, and student access to teachers and administrators and whether such access is facilitated or inhibited by school closings. Also of interest might be differences in student and parent involvement in decisionmaking and in extra curricular activities.

If we are unsure about the social costs associated with school closings, the literature is even more limited with respect to the economic costs.

---

<sup>11</sup> Nancy Burton, Donald Eisemann, and Alice Woldt, Schools and Neighborhood Research Study, School Building Use Study, (Seattle, Washington: Public Schools, 1976).

There have been any number of studies on schools examining changes in output as a function of costs. The results of this research yield a U-shaped average cost curve indicating declining unit costs with increasing size, but at a certain point an upswing, with costs per unit increasing with additional size. There are several major problems with this research. First, it oversimplifies the education production process by not taking into account the fact that the school is a "firm" with many "products" or services. Second, most average cost curve studies have inaccurately represented the education process, because they assume each "firm" provides services of equivalent quality. Third, the standard industrial analogue may be inappropriate because it is unlikely that public school costs are driven to a minimum by competition. A rethinking of standard economic methodologies and their applicability to education organizations may be necessary if we are ever to be able to address the issue of school size and its related costs.

#### Equity

Closing schools is more likely an option for elementary than secondary schools which are much less numerous in any one community. Cost savings on the secondary level are usually attempted at the programmatic rather than the school level. Implicit in any programmatic decisions, however, are trade-offs in educational goals.

A recent NIE study suggests that the responsiveness of the American high school to the concerns of the seventies may leave it vulnerable in the <sup>12</sup> eighties. The study found the curriculum of most of the public schools

surveyed broad and suited to the needs of a varied clientele. In addition to having a core of academic courses--English, math, sciences, and foreign languages--public high schools provide students with a diversity of offerings from remedial reading and math to advanced placement; from work experience to community volunteer experiences.

Over half the high schools surveyed allow students to take college level courses off campus, over two-thirds offer work experience or occupational training, and in over three-fourths some students take remedial English. At least 75 percent of the schools surveyed have a career information center and vocational education funding. Grading and scheduling practices, however, are still quite traditional.

These findings suggest that past and recent observations that the environment of youth provides "little early contact with the world of work and little opportunity for organized service to others" are wrong.<sup>13</sup> American public high schools have been responsive to their critics and have expanded their mission in the last decade.

The private high school curriculum differs markedly from that of the public high school. While public schools provide a wide range of courses suitable for a diverse clientele, private schools offer a curriculum of academic subjects for less varied clientele whose demand for college

---

13 "Summary of Concerns and Recommendations," Giving Youth a Better Chance, The Carnegie Council on Policy Studies in Higher Education, 1979.

preparatory subjects is fairly uniform. While the core curriculum is similar to that of public high schools, diversity is provided mostly through academically oriented alternatives. This different focus probably mirrors the tastes of the clientele private high schools serve. Private high schools are selective in their admission policy, and while racially, ethnically, and often economically diverse, the students in the schools surveyed are more heavily drawn from the middle class than those attending the average public school. <sup>14</sup> It appears that while public schools are responsible for providing an equal educational opportunity to all regardless of race or class, private schools have a <sup>15</sup> different mission focused mainly on academic excellence.

Private schools may become increasingly attractive to middle and upper middle income families if they believe that public education cannot provide their children with rigorous academic preparation. Many are beginning to feel that in the public high school's attempt to be socially responsive, it has sacrificed scholastic excellence. If the decline in the high school age population is exacerbated by a continued loss of faith in public education, the future of public secondary education could be bleak.

The mission of the high school needs to be reassessed in light of attempt to reduce local education expenditures. Changes in curriculum

---

<sup>14</sup>

That private schools enroll pupils with higher income and more education than do public schools is confirmed by a recent report from the Census Bureau. For example, private schools enroll less than 7 percent of families with annual incomes under \$15,000, but over 18 percent of families with income over \$15,000. Similarly, pupils with parents who are not college graduates are only half as likely to be in a nonpublic school as are pupils whose parents are college graduates. Moreover,

16  
will be quite likely. But which courses should be cut? Advanced placement courses? Remedial courses? Community-based courses? Work experience? Fewer advanced courses means that perceptions of the high school as being unable to provide for the academically gifted student will be reinforced. Such perceptions may accelerate the exit of brighter or highly motivated students to private schools. Fewer remedial courses means that the poorer performing student will continue to slip by the wayside. Cutting out community-based education and work experience may also adversely affect a segment of the high school population. Cutting courses may merely result in paring the curriculum suitable for one segment of the population only to replace it with courses appropriate to the more academically advantaged. A renewed focus on academic excellence through college preparation may increase the attractiveness of public education to those most likely to move (middle income) to the private sector, but at high cost to those students who need the rudiments.

Given finite resources, school systems will have a hard time providing adequately for both ends of the spectrum. Thus, policymakers and community members need to weigh the short and long-term social consequences of any proposed changes in school program.

---

all types of nonpublic schools enroll a much smaller fraction of minority students than do the public schools. And those minority students who are enrolled in nonpublic schools are even more heavily concentrated in the higher income (and college) graduate groups than are their white counterparts. See U.S. Bureau of the Census, Current Population Report, Series P-20, No. 321 (1979).

15

The smaller size of private schools and the financial constraints under which they operate may also explain why the private high school curriculum is so focussed.

16

School districts can economize in a number of different areas: facilities, buildings, programs and staff.

Quality

While questions of costs, school size, and equity are important, the issue of quality underlays them all. What makes a good school? How can a school which isn't good be improved? How can quality be maintained as resources and students dwindle?

Ever since Coleman published the results of his study, The Equality of Educational Opportunity,<sup>17</sup> the question of school quality has founded<sup>18</sup> on the shoals of methodology. While researchers quarreled about level of aggregation and regression techniques, the general public, unschooled in the subtleties, learned the lesson that schools don't make a difference and that additional resources do not improve much in the way of student outcomes. Subsequent research examining the relationship between inputs and outputs in education has all but disappeared except for an occasional study or two.

New research from Britain reported in Fifteen Hundred Hours suggests that it is possible to identify good schools and what contributes to<sup>19</sup> their goodness or success with students. It also questions the old saw about family socioeconomic status as being the prime determinant of school achievement.

<sup>17</sup> Coleman, James S. et. al., Equality of Educational Opportunity, (Washington, D. C.: U.S. Government Printing Office, 1966).

<sup>18</sup> Mosteller, Frederick and Daniel P. Moynihan, On Equality of Educational Opportunity, (New York: Vintage Books, 1972).

<sup>19</sup> Rutter, Michael et. al., Fifteen Thousand Hours: Secondary Schools and Their Effects on Children, (Cambridge: Harvard University Press, 1979).

The study is interesting from two different points of view. It found unimportant many factors which have been thought conducive to successful student outcomes. Attending a small school in a modern well-equipped building, with a low pupil-teacher ratio and firm discipline were all found not to significantly affect student achievement. What was important, however, were a broad range of categories the researchers attribute to school "ethos." Such factors as expectations and role models provided by teachers, the feedback children get about what is and is not acceptable at school and the congruence between school values as expressed in staff attitudes and pupil acceptance are all far more important to good student achievement.

American educators are going to have to begin facing that "quality" of education is something which exists in the minds of parents if not in their evaluation handbook. As communities face the disruptions decline is likely to bring on, parents are going to want to know how proposed changes affect the quality of education their children are likely to receive. School level decisionmakers are going to have to begin coming up with answers.

#### Summary

Of course, there are many other matters of concern in contemplating how to deal with decline-hiring, firing, and riffing policies, creative use of space (i.e., adding programs or age groups or even sharing buildings with other community programs, etc.). Regardless of the issue, each situation has trade-offs that need to be aired and examined so those concerned can begin to understand the consequences of various decisions.

While cutting costs are of paramount importance to some segments of the community, others might opt for holding costs in check to maintain certain programs. If resources are to remain finite, the future of educational policymaking will be hard choices as to which missions schools will be able to fulfill and which will have to be sacrificed. Alternatively an argument can be made for some midpoint along the expenditure spectrum because school systems in fact require substantial funding just to be able to hold their own. Or an argument can be made for increasing expenditures, since the job schools are asked to do seems to be expanding.

The point is that options exist, but each option has different costs and benefits associated with it. Every community has to decide what kind of education it wants to buy and how much it is willing to pay for it.